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Goodman enters North American market with Birtcher Development and establishes US\$1.5 billion investment partnership

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Release Immediate

Goodman Group (Goodman or Group) today announces that it has entered into an agreement with California-based, Birtcher Development & Investments (Birtcher), focused on the development of, and investment in, prime quality logistics and industrial facilities in key locations across North America. Additionally, Goodman is in final stages of due diligence with regard to a capital partnership targeting approximately US\$800 million (A\$800 million) of equity commitments.

Key features of Goodman's North American market entry are:

- + Strategic and timely entry into the world's largest, most liquid and transparent real estate market.
- + Capital partnership focusing on the key North American logistics and industrial property markets. Initial equity commitment targeting approximately US\$800 million (A\$800 million).
- + Deployment of a highly experienced team, combining Birtcher's local market expertise with Goodman's global funds management capability, to establish the Group's North American operations. Birtcher will have a management carried interest, post a Goodman preferred return.
- + Development led investment strategy focused initially on the development of prime logistics and industrial facilities in key logistics hubs, with the ability to invest in stabilised properties over time.
- + Secured four development sites, two in the Inland Empire (Los Angeles area), Oakland (San Francisco Bay Area) and Lehigh Valley (Philadelphia), with in excess of 900,000 sqm (9.8 million sq ft) of gross lettable area and a combined total completion value of more than US\$700 million (A\$700 million).

Strategic rationale

The US is the world's largest, most liquid and transparent real estate market. The current market remains highly fragmented with obvious capital constraints, making this an attractive time to enter key logistics and industrial locations and access top tier development sites to deliver new investment product for global and local customers in partnership with our global capital partners.

Goodman's Group Chief Executive Officer, Greg Goodman said, "Today's announcement reinforces Goodman's position as a leading global logistics property group. With A\$19 billion (US\$19 billion) of assets under management throughout Asia Pacific and Europe, our entry into North America is a logical step in the expansion of our operating platform to service our global

customers and equity partners in the world's largest logistics and industrial market. Over time we also see North America growing to be one of Goodman's largest markets in terms of assets under management."

Capital partnership approach

Goodman is establishing a new North American logistics and industrial partnership, to provide funding to invest in the properties developed and sourced by the Group's North American platform. Initial equity commitments will be approximately US\$800 million (A\$800 million).

"The investment strategy for the partnership will be to target investment in logistics and industrial property in key North American markets, focusing initially on development led opportunities, with value add and stabilised asset acquisitions to be considered over time in line with market conditions." said Mr Goodman.

Goodman is in final stages of due diligence with a major capital partner. Commercial terms have been agreed and documentation is anticipated to be completed shortly.

Goodman will fund its interest in the partnership from retained earnings and proceeds from the recycling of assets.

Management company

The management company combines Goodman's global expertise as a leading specialist fund manager of industrial property and business space, extensive global customer and capital partner relationships, with the strength of Birtcher's local knowledge, long established track record and reputation in North America.

Goodman's Group Chief Executive Officer, Greg Goodman said, "A key success factor to entering a new market is ensuring you have the requisite local knowledge and expertise. In this regard, we are delighted to have sourced the local expertise of such a highly regarded property group as Birtcher to drive the expansion of our international operating platform into key logistics markets in North America. This local expertise will be supported by a group of Goodman's international employees who will be joining the management group to help provide operational expertise and compliance."

Birtcher is a Los Angeles area based, privately-owned industrial and logistics real estate developer which has built a solid reputation as one of the most innovative and successful developers on the West Coast of the United States. Birtcher has developed more than 5.6 million sqm (60 million square feet) of warehouse, distribution, manufacturing and office projects throughout the Western and Southern United States for leading customer names including Kroger, Nike, Xerox and General Electric.

Birtcher President and CEO, Brandon Birtcher commented, "This represents a new chapter in Birtcher's 73 year history and we are excited by the tremendous opportunity that comes through working as part of one of the world's leading industrial property groups. We look forward to utilising the wealth of our local market knowledge and relationships, together with our considerable development and investment experience to drive the growth of the company."

The management team will be incentivised through its carried interest in the management company, post a Goodman preferred return.

Investment strategy

A targeted geographic investment strategy will be implemented to secure opportunities on a 'through the cycle' basis, by focusing on developing and investing in A-grade logistics and industrial facilities. A development-led approach will initially be pursued to maximise returns given the under supply of quality space in specific target logistics markets.

In this regard, opportunities will be sought in the key West Coast logistics hubs of Los Angeles (Inland Empire), San Francisco and Seattle, with New York, New Jersey and Philadelphia to be targeted on the East Coast. Other key logistics hubs based around inland ports, intermodals and tier one ports will also be considered.

Secured development sites

Initial development opportunities have been identified in California through three prime land sites. Two sites have been secured in the Inland Empire, California's largest industrial market, with a third site acquired in the San Francisco Bay Area of Oakland, in close proximity to the city's air and sea ports. A fourth site is under offer in the Philadelphia Lehigh Valley industrial market. The four sites are capable of delivering a total combined gross lettable area in excess of 900,000 sqm (9.8 million sq ft) and a total completion value of more than US\$700 million (A\$700 million).

Mr Goodman said, "Having secured these significant land sites, we are well positioned to take advantage of the very positive market dynamics in the Inland Empire, Oakland and Philadelphia. These regions are experiencing an undersupply of high quality logistics space, providing us with a compelling opportunity to meet the strong customer demand that exists for A-grade 'big box' facilities."

"We are separately assessing further development opportunities in our other target North American locations and we expect to be in a position to announce these shortly." Mr Birtcher added.

For more information on Goodman's entry into the North American market, refer to Section 2 in the attached Investor Update presentation.

- Ends -

For further information, please contact Goodman:

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About Goodman

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe and the United Kingdom. Goodman Group, comprised of the stapled entities Goodman Limited and Goodman Industrial Trust, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist fund managers of industrial property and business space globally.

Goodman's global property expertise, integrated own+develop+manage customer service offering and significant fund management platform ensures it creates innovative property solutions that meet the individual requirements of its customers, while seeking to deliver long-term returns for investors.

For more information visit www.goodman.com or www.us.goodman.com

About Birtcher Development & Investments

Since 1939, the Birtcher name has been synonymous with enduring design and performance in project execution. Birtcher has developed more than 60 million square feet of industrial, office and retail projects throughout the United States, achieving national expertise and strong reputations in development and construction. Today, Birtcher Development & Investments is solely owned by Brandon Birtcher who carries on the family's five-generation development legacy.

Birtcher's core focus is on providing warehouse and build-to-suit solutions for logistics service providers, manufacturers and retailers throughout North America. This is achieved by maintaining land inventory through control of the best sites in America's most attractive logistics markets.